REMARKS

Entry of the foregoing amendments, and reexamination and reconsideration of the subject application, pursuant to and consistent with 37 C.F.R. § 1.104 and § 1.112, and in light of the following remarks, are respectfully requested.

Amendments

The specification has been amended to correct minor informalities; namely, incorrect references. No new matter is added.

The hatching in the adhesive layer between the suppression film 69 and the substrate 67 has been corrected in Fig. 7C.

No new matter is added.

Rejections under 35 U.S.C. 103(b)

The rejection of claims 1-9, 11-14, and 16-18 hereunder over Nakagoshi (*et al.*; WO '792) and Yoshida (*et al.*) is respectfully traversed.

Prior to addressing the cited references, Applicants would reiterate that the language of claim 1 specifically requires a "thin film . . . having an M-X-Y composition . . . [wherein M] exist[s] in a granular form dispersed in the matrix of [the] X-Y compound." As the term "granular" is used in this art, it does not mean a granular powder, but with respect to the structure of a thin film as claimed it means a film that has predominantly granules, like crystallites, as opposed to an amorphous thin film. The Examiner is referred to the cited Han *et al.* reference (paragraph bridging pages 4499 to 4500 and following two paragraphs) for a description of thin films having structures including crystalline phases and/or amorphous phases. The claim also recites that the M component is dispersed throughout an X-Y matrix (e.g., an oxide matrix), not coated with an X-Y material.

Yoshida discloses a powder wherein "each powder particle" is a magnetic powder composition(*e.g.*, Fe-Al-Si alloy) having an AlO_x or SiO_x outer surface layer (col. 4, last paragraph). This is not a magnetic powder composition dispersed with a matrix as alleged in the rejection, nor is it the claimed composition of M in a granular state being dispersed within an X-Y matrix. Rather, Yoshida discloses a powder wherein each particle has an X-Y coating and the powder is dispersed in a polymeric matrix. Even assuming Applicants' M were an Fe-Al-Si alloy as described by Yoshida, there is a significant difference

in a structure wherein M is coated with X-Y (Yoshida) and one where M is dispersed throughout an X-Y matrix (Applicants').

Likewise, Applicants traverse the statement that Yoshida discloses a film thickness comparable with Applicants'. The examples of Yoshida show high aspect ratio particles (see col. 4, ln. 8-9) having long dimensions on the order of 20 or 30 μm, and short dimensions on the order of 0.3 to 0.4 μm. These particles are then mixed with a binder which is exemplified by "a thickness of 2 mm" (col. 5, ln. 62-64). Accordingly, the film of Yoshida, formed by a doctor blade from a paste (*e.g.*, Example 1) has a thickness orders of magnitude larger than Applicants' thin film.

The statement in the rejection that there is an "equivalent physical chemistry (i.e., a granular ferrous component dispersed in a matrix of AlO or SiO) and further teach that the size of the magnetic material is modified such that it is thinner than the skin layer" miscontrues both the present invention and the disclosure in Yoshida. As noted, the Yoshida particles have a magnetic composition with an oxide coating; they do not have a magnetic composition dispersed within an oxide matrix. The size of the magnetic portion of the particles is related to the skin layer thickness, but the interference suppressing layer in Yoshida, such as 2 mm in Fig. 1, is formed by discrete particles, each having an oxide layer, dispersed in a polymeric binder, and is not a thin film having an oxide matrix in which is dispersed the M component.

Thus, even if the size of the magnetic portion of Yoshida's particles were altered, the fact remains that the combination of Yoshida with Nakagoshi teaches a polymeric matrix having dispersed therein oxide-coated particles, and not a thin film of the recited composition. As noted in the previous response, a "thin film" is a term of art relating to the structure of the composition and not merely the thickness of the film layer. Sheets of the thickness described by Yoshida cannot be incorporated into an LSI chip, as shown in the instant application.

Because the claimed structure of a thin film is different than powder dispersed in a binder, this is not an issue of optimization or change in size, as alleged with the citations to *Boesdh* and *Rose*.

With regard to the rejection over the combination of Nakagoshi, Yoshida, and Han, the granular thin film of Han is used for recording heads, and thus is different from the present composition in its magnetic characteristics and use.

Moreover, clarification is requested as to how sputtering can be integrated with the polymeric binder materials of Yoshida and Nakagoshi, as both disclose dispersing a shielding material in a resin binder.

Conclusion

In light of the foregoing amendments and remarks, withdrawal of the rejections, and further and favorable action, in the form of a Notice of Allowance, are believed to be in order, and such actions are earnestly solicited.

Respectfully submitted,

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